

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6289

BILL NUMBER: SB 373

NOTE PREPARED: Jan 17, 2009

BILL AMENDED:

SUBJECT: Mechanic's Liens.

FIRST AUTHOR: Sen. Kruse

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State

Summary of Legislation: *State Construction Registry Program-* The bill establishes a State Construction Registry Program (SCRCP) to create and maintain an electronic data base for the filing of certain mechanic's liens that relate to the construction, alteration, or repair of Class 2 structures. The bill requires the Office of Technology (IOT) to supervise the program and to contract with a third party to operate the program.

The bill provides that the program must: (1) maintain a central data base; (2) accommodate electronic filing; (3) assign a lien identification number; (4) provide notification by electronic mail to the filer; and (5) be indexed to permit searching.

The bill authorizes the IOT to charge a fee sufficient to cover the expenses of the program. The bill makes other changes and conforming amendments.

Effective Date: January 1, 2010.

Summary of NET State Impact: (Revised) The state would be required to contract with a third-party vendor (known as the "designated agent" or DA) to produce, operate, and maintain the database. The IOT would be able to establish fees for use of the database. The fees would have to equal the cost to produce, operate, and maintain the database.

Explanation of State Expenditures: (Revised) *Summary-* The expenditures to implement the database are unknown, but could be significant. Ultimately, the actual cost of the database to the state and who would be responsible for paying implementation costs would depend on the negotiated agreement between the IOT

and the DA.

Background- The designated agent would receive lien complaints from mechanics and would charge a fee for their complaint. The DA would then enter the lien claim into the database. The DA would also construct and maintain the database.

The IOT would develop a form for persons performing mechanic repairs to a property so property owners would be notified of the existence of the SCRCP database.

The bill does not provide an appropriation to cover the initial database construction costs. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

Explanation of State Revenues: (Revised) **Summary-** The IOT may assess a fee for use of the database. The fees established must be enough to cover the cost to establish, operate, and maintain the database. The contract between IOT and the DA could allow the DA to retain this fee. The contract between the IOT and the DA may also allow for the DA to charge and retain a fee for a person to inspect or copy records from the database.

Background Information- The following table illustrates a sample of counties with the number of residential structure liens currently on file.

County Residential Liens	Number of Residential Liens	County Population*
Bartholomew	16	74,750
Cass	6	39,193
Hendricks	120	134,558
Jackson	7	42,184
Pike	1	12,605
Pulaski	5	13,778
Scott	29	23,679
Shelby	13	44,063
St. Joseph	247	266,088
Vanderburgh	45	174,425
Warrick	81	57,090
TOTAL	570	882,413
*Estimated, as of July 1, 2007		

Without Marion County, the ratio of residential liens per population from the above sample would be approximately 0.65 liens per 1,000 residents. With Marion County included, the ratio would likely be higher. When applied to the state population without Marion County (5.4 M), it is estimated there would be about

3,550 residential liens in the rest of the state.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: IOT.

Local Agencies Affected:

Information Sources: Robert Paglia, IOT, 234-5099; Sarah Nichols Rossier, Association of Indiana Counties, 829-3655; U.S. Bureau of Census; Brian Stevenson at IN.gov, 233-2108.

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